GOVERNMENT OF INDIA
DEFENCE
LOK SABHA

UNSTARRED QUESTION NO:5614
ANSWERED ON:02.05.2002
RECOVERY OF OUTSTANDING AMOUNT
RAGHUNATH JHA

Will the Minister of DEFENCE be pleased to state:

(a) whether advance payment of Rs. 1.42 crore made in 1990-91 by the Director General Ordnance Services to M/s Rehabilitation Industries Corporation Limited Calcutta has remained outstanding against the firm as on December 1999 for non-execution of supply of combat jacket and trousers;

(b) if so, whether the matter has been enquired into and the responsibility and accountability has been fixed;

(c) if so, the details thereof; and

(d) if not, the reasons therefor?

Answer

MINISTER OF DEFENCE (SHRI GEORGE FERNANDES)

(a) to (d): A Statement is attached.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (d) OF LOK SABHA UNSTARRED QUESTION NO. 5614 2.5.2002

Supply Order dated 12th July 1990 for supply of quantity 6,85,484 Nos. of Jacket Combat Disruptive and Supply Order dated 22nd August 1990 for supply of 3,57,500 pairs of Trousers Combat Disruptive was placed on M/s Rehabilitation Industries Corporation Limited (RIC) Calcutta (a Government Public Sector Undertaking)On the request of M/s RIC, an advance of Rs. 1.97 crores corresponding to the value of deliveries expected during 1990-1991 was given. However, since the PSU was not supplying any of the items, the Ministry in April 1991, imposed an interest of 17% per annum with effect from November 1990. Further the penal interest @ 19.75% was levied if deliveries expected in 1990-1991 as per schedule are delayed.

However after being granted extensions in delivery period, RIC had supplied a total quantity of 24,527 nos of Jackets Combat Disruptive and no supplies were made of Trousers Combat Disruptive.Subsequently on 14th September 1993 in view of the non-supply of items by M/s RIC and in view of the criticality of the items, 50% of the quantity i.e. 3,33,255 nos. of Jacket Combat Disruptive and 1,88,663 nos. of Trouser Combat Disruptive was cancelled at the risk and cost of the firm. Out of the advance paid to M/s RIC, a sum of Rs. 1.42 crores is still outstanding.

Ministry of Defence made concerted efforts in recovering the advance from M/s RIC, Calcutta to fulfil their contractual obligation by supplying Jackets and Trousers and thus liquidate the outstanding advance. The issue was also taken up with the Ministry of Industry who intimated that it has been decided to initiate action for closure of this PSU.

The matter was examined by Central Vigilance Commission whose observations are under examination of the Ministry.